institution, past due payments are considerably less than that percentage.

"It is the policy of the institution to make advances to cover absolutely needed repairs, taxes, etc. in distress cases, and we have treated such advances as if they were part of the original loan and do not penalize the borrower in any way.

"In the case of borrower's lagging in payments, our chief endeavor is to get him into our office for a personal interview. Such interviews are never harsh or vindictive, our effort being to establish a friendly relation and help the borrower get back upon his feet.

"Our observation has been that five or six-room residences costing not over $6500 are the easiest to sell in San Francisco. There is a good demand for residential property at the present time, and properties are apparently selling readily all over the city. Building costs are higher now than they were in 1929, probably 5% higher, and are at least 30% higher than they were in 1933."